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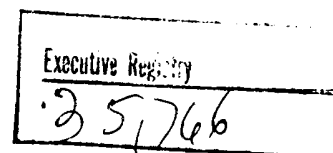
TRANSMITTAL MESSAGE, DRAFT BILL,

AND SECTION-BY-SECTION ANALYSIS,

AS TRANSMITTED TO OMB

8 a.m., FEBRUARY 15, 1984

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To the Congress of the United States:

I herewith transmit proposed legislation that embodies the consensus arrived at by the National Bipartisan Commission on Central America. Its unifying thread is the spirit of the late Senator Henry M. Jackson -- to advance the twin purposes of national security and human development.

Peace and individual betterment are universal purposes. They are at the heart of the American dream. Yet, today in Central America these goals are not realized. Poverty and violence are widespread. As a consequence, democratic forces are not able to flourish, and those who seek to disrupt freedom and opportunity threaten the heart of those nations.

Throughout our history, our leaders have put country before party on issues in foreign affairs important to the national interest. The Commission identifies the situation in Central America as this kind of issue. The 12 Commissioners -- Democrats and Republicans alike -- conclude "that Central America is both vital and vulnerable, and that whatever other crises may arise to claim the nation's attention, the United States cannot afford to turn away from that threatened region."

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We face an inescapable reality: we must come to the support of our neighbors. The democratic elements in Central America need our help. For them to overcome the problems of accumulated historical inequities and immediate armed threats will take time, effort, and resources. We must support those efforts.

As the Commission recommends, our policy must be based on the principles of democratic self-determination, economic and social improvement that fairly benefits all, and cooperation in meeting threats to the security of the region.

Accordingly, I propose the "Central America Democracy, Peace and Development Initiative Act of 1984." This Act calls for an increased commitment of resources beginning immediately and extending regularly over the next five years. This assistance is necessary to support the balance of economic, political, diplomatic, and security measures that will be pursued simultaneously.

I propose authorization for an \$8 billion, five-year reconstruction and development program for Central America, composed of \$6 billion in direct appropriations and \$2 billion

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in insurance and guarantee authority. For fiscal year 1985 the figures are \$1.1 billion and \$600 million, respectively. In addition, the plan calls for \$400 million in supplemental appropriations for an emergency economic stabilization program for fiscal year 1984.

These resources will support agricultural development, education, health services, export promotion, land reform, housing, humanitarian relief, trade credit insurance, aid for small businesses, and other activities. Because democracy is essential to effective development, special attention will be given to increasing scholarships, leadership training, educational exchanges, and support for the growth of democratic institutions.

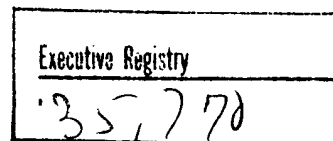
Regional institutions such as the Central American Common Market (CACM) and the Central American Bank for Economic Integration (CABEI) made a major contribution to the region's economic growth in the 1960's and early 70's. I am proposing a substantial assistance program to revitalize these institutions and thereby stimulate intra-regional trade and economic activity.

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To enable the countries of Central America to participate directly in the planning of these efforts, I shall explore the creation of a Central American Development Organization (CADO). This would enable political and private leaders from both the United States and Central America to review objectives and progress, and make recommendations on the nature and levels of our assistance efforts. The organization would, in effect, help to oversee and coordinate the major efforts that must be made. The legislation I am proposing sets out a series of principles to guide the negotiations for the establishment of this new regional institution. I intend to respect those principles in these negotiations and in our subsequent participation in CADO. As the Commission recognized, the ultimate control of aid funds will always rest with the donors. Consistent with the Constitution and this precept, final disposition of funds appropriated under this legislation will be subject to the ultimate control of the Congress and the President.

The National Bipartisan Commission specifically recommends significantly increased levels of military aid to the region, especially El Salvador. In the words of the Report, "the worst



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possible policy for El Salvador is to provide just enough aid to keep the war going, but too little to wage it successfully." I propose authorization for a \$259 million supplemental appropriation for the region for fiscal year 1984 and a \$256 million program for fiscal year 1985.

U.S. military assistance is vital to shield progress on human rights and democratization against violence from extremes of both left and right. I shall ensure that this assistance is provided under conditions necessary to foster human rights and political and economic development, and our Administration will consult with the Members of the Congress to make certain that our assistance is used fairly and effectively.

No new laws are needed to carry out many of the Commission's recommendations. There is, for example, a consensus on an integral part of our strategy in Central America: support for actions implementing the 21 Contadora objectives to help bring about peace. The Contadora objectives are in Central America's interest and in ours. Similarly, we are urging other nations to increase their assistance to the area.

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I believe it is no accident that the Commission reached many of the same conclusions about comprehensive solutions to Central America's problems as have the participants in the Contadora process. As Dr. Kissinger noted in his January 10 letter to me, "the best route to consensus on U.S. policy toward Central America is by exposure to the realities of Central America."

The National Bipartisan Commission on Central America has done its work. Now it is our turn. Unless we act -- quickly, humanely, and firmly -- we shall face a crisis that is much worse for everyone concerned. We owe it to our children to make sure that our neighbors have a chance to live decent lives in freedom.

I, therefore, ask that the enclosed legislation be given your urgent attention and early and favorable action.

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A BILL

To establish a long-term framework to build democracy, restore peace, and improve living conditions in Central America, to authorize assistance for the fiscal years 1984 through 1989, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SEC. 1. This Act may be cited as the "Central America Democracy, Peace and Development Initiative Act of 1984".

TITLE I - STATEMENT OF POLICY

SEC. 101. The Congress finds that the building of democracy, the restoration of peace, and the improvement of living conditions in Central America are important to the interests of the United States and the community of American States. The Congress further finds that the interrelated issues of social and human progress, economic growth, political reform, and regional security must be effectively dealt with to assure a democratic and economically and politically secure Central America.

The achievement of democracy, human rights, peace, and equitable economic growth depends primarily on the cooperation and the human and economic resources of the people and governments of Central America. The Congress recognizes that

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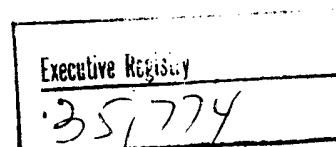
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the United States can make a significant contribution to such peaceful and democratic development through a consistent and coherent policy which includes a long-term commitment of both economic and military assistance. This policy should be designed to support actively democracy, political reform and human rights; to promote equitable economic growth and development; to foster dialogue and negotiations to achieve peace based upon the objectives of democratization, reduction of armament, an end to subversion, and the withdrawal of foreign military forces and advisors; and to provide a security shield against violence and intimidation. It is the purpose of this Act to establish the statutory framework and to authorize the appropriations and financing necessary to carry out the policy described in this section.

## TITLE II - ECONOMIC AND HUMAN DEVELOPMENT

### FINDINGS

SEC. 201. (a) The Congress finds that lagging economic growth and widespread poverty continue to plague most of the nations of Central America, and that inadequate and declining opportunities for economic betterment seriously undermine the peace and security of the region. Although the causes of the economic decline are several, the Congress believes that equitable economic growth can be achieved based on the following principles, which shall guide the furnishing of assistance under this title:



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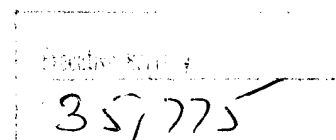
(1) development and implementation by the countries of Central America of appropriate, growth-oriented, economic policies that foster increased production, investment, trade, and regional cooperation;

(2) increased participation and promotion of the private sector, including cooperatives, in development;

(3) creation and improvement of private and public sector institutions in order to expand the access of the people of the region to the knowledge and tools for development;

(4) recognition that the problems of hunger and malnutrition, health deficiencies, infant and child mortality, population growth, illiteracy and skill deficiencies, underemployment and unemployment, and financial instability are each related to the other, and each must be addressed if equitable economic growth is to occur.

(b) Agricultural Development. Increased development of the region's agricultural sectors will be required in order to expand employment opportunities, diversify and expand agricultural production, and increase incomes in areas which contain the majority of the region's poor. To achieve these purposes, assistance is required for agricultural development activities in Central America. Such activities may include: the provision of credit to make possible the purchase of land



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and necessary farm equipment and other inputs by small farmers; the distribution of land through comprehensive agrarian reform programs; the expansion of research and extension services; the promulgation of more production-oriented agricultural pricing policies; agricultural export promotion activities; and the expansion of roads, storage facilities, rural electrification, and other rural infrastructure.

(c) Education. Improvement in the availability and quality of educational opportunities is necessary if the people of the region are to acquire the technical skills and information needed to increase productivity, solve health problems, and integrate the poor into the development process. In order to achieve these purposes, assistance is required for education activities in Central America. Such activities may include: expanded programs of secondary level technical and vocational education; primary education programs; training of professionals in public administration; scholarship programs; and university strengthening programs in Central America.

(d) Health and Population. Universal access to primary health care, reduction of infant mortality, and population growth rates are important aspects of economic development in the Central America region. In this context, assistance is required for health and population activities in Central America. Such activities may include: expansion of programs of oral rehydration and immunization; control of vector-borne

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diseases; training of primary health care workers, nurses, dental assistants and personnel in allied health skills; and family planning programs, consistent with section 104(f) of the Foreign Assistance Act of 1961.

(e) Housing. With urbanization throughout Central America rapidly transforming the character of the region, national and local governments must be able to meet the social and economic strains attendant to such significant movements of people into urban areas. This trend has far outpaced the growth of shelter and the ability of governments to provide such basic services as water, sanitation, electricity and public transport. In order to meet these requirements, assistance or the provision of guarantees is required for infrastructure and housing activities in Central America. Such activities may include: construction of urban housing and infrastructure, support for housing banks and other financial associations, and extension of housing guarantees.

(f) Economic Stabilization. Reduced revenues due to a combination of price declines for exports and oil price increases (compounded by inadequate availability of indigenous energy resources), increased spending as a result of rapid expansion of governmental programs and public-sector enterprises, spiraling interest rates, and severe external debt problems are several factors which have had serious detrimental effects on the economic and political stability of the region.

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In order to assist the countries of the region to undertake the economic adjustments necessitated by these conditions, assistance is required for economic stabilization programs in Central America.

(g) Humanitarian Relief. Assistance is required to provide humanitarian relief and rehabilitation assistance for refugees and displaced persons in Central America.

(h) Investment Insurance. Additional investment is critical to improved economic conditions in Central America. The Overseas Private Investment Corporation, therefore, consistent with its statutory mandate should make every effort to support projects in the region.

#### DEVELOPMENT ASSISTANCE

SEC. 202. (a) In addition to amounts otherwise available for such purposes, there are authorized to be appropriated to the President for Central American countries --

(1) \$10,000,000 for the fiscal year 1984 and \$69,800,000 for the fiscal year 1985 to carry out the provisions of section 103 of the Foreign Assistance Act of 1961;

(2) \$5,000,000 for the fiscal year 1984 and \$15,000,000 for the fiscal year 1985 to carry out the provisions of section 104(b) of the Foreign Assistance Act of 1961;

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(3) \$18,000,000 for the fiscal year 1984 and \$40,000,000 for the fiscal year 1985 to carry out the provisions of section 104(c) of the Foreign Assistance Act of 1961;

(4) \$10,000,000 for the fiscal year 1984 and \$64,000,000 for the fiscal year 1985 to carry out the provisions of section 105 of the Foreign Assistance Act of 1961;

(5) \$30,000,000 for the fiscal year 1984 and \$84,000,000 for the fiscal year 1985 to carry out the provisions of section 106 of the Foreign Assistance Act of 1961;

(6) \$10,000,000 for the fiscal year 1985 for purposes of the fund established by section 223 of the Foreign Assistance Act of 1961: Provided, That funds made available for such purposes shall be available for expenditure in discharge of guaranties extended prior to enactment of this Act;

(7) \$2,489,000 for the fiscal year 1984 and \$6,016,000 for the fiscal year 1985 to carry out the provisions of section 667 of the Foreign Assistance Act of 1961.

(b) Amounts appropriated pursuant to this section are authorized to remain available until expended.

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ECONOMIC SUPPORT FUND

SEC. 203. (a) In addition to amounts otherwise available for such purposes, \$290,500,000 is authorized to be appropriated to the President for the fiscal year 1984 to carry out the provisions of chapter 4 of part II of the Foreign Assistance Act of 1961 for Central American countries.

(b) In addition to amounts otherwise available for such purposes, \$640,600,000 are authorized to be appropriated to the President for the fiscal year 1985 to carry out the provisions of chapter 4 of part II of the Foreign Assistance Act of 1961 for Central American countries.

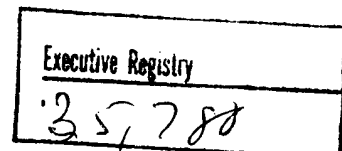
(c) Amounts appropriated pursuant to this section are authorized to remain available until expended.

PEACE CORPS

SEC. 204. (a) In addition to amounts otherwise available for such purposes, \$2,000,000 are authorized to be appropriated for the fiscal year 1984 to carry out the purposes of the Peace Corps Act for Central American countries.

(b) In addition to amounts otherwise available for such purposes, \$18,200,000 are authorized to be appropriated for the fiscal year 1985 to carry out the purposes of the Peace Corps Act for Central American countries.

(c) Amounts appropriated pursuant to this section are authorized to remain available until expended.



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## UNITED STATES INFORMATION AGENCY

SEC. 205. (a) In addition to amounts otherwise available for such purposes, \$7,000,000 are authorized to be appropriated for the fiscal year 1984 to carry out for Central American countries international information, educational, cultural, and exchange programs under the United States Information and Educational Exchange Act of 1948, the Mutual Educational and Cultural Exchange Act of 1961, and Reorganization Plan Number 2 of 1977, and other purposes authorized by law.

(b) In addition to amounts otherwise available for such purposes, \$36,400,000 are authorized to be appropriated for the fiscal year 1985 to carry out for Central American countries international information, educational, cultural, and exchange programs under the United States Information and Educational Exchange Act of 1948, the Mutual Educational and Cultural Exchange Act of 1961, and Reorganization Plan Number 2 of 1977, and other purposes authorized by law.

(c) Amounts appropriated pursuant to this section are authorized to remain available until expended.

## MIGRATION AND REFUGEE ASSISTANCE

SEC. 206. (a) In addition to amounts otherwise available for such purposes, \$15,000,000 are authorized to be appropriated for the fiscal year 1985 for the Department of State to carry out for Central American countries the authorities, functions, duties, and responsibilities in the

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conduct of the foreign affairs of the United States and other purposes authorized by law for "Migration and Refugee Assistance".

(b) Amounts appropriated pursuant to this section are authorized to remain available until expended.

#### HOUSING GUARANTY PROGRAM

SEC. 207. In addition to amounts otherwise authorized for such purposes, \$40,000,000 of loan principal are authorized to be guaranteed under sections 221 and 222 of the Foreign Assistance Act of 1961 for Central American countries for the fiscal year 1985.

#### ADMINISTRATION OF JUSTICE

SEC. 208. Chapter 1 of part I of the Foreign Assistance Act of 1961 is amended by inserting after section 116 the following new section:

"Sec. 117. Administration of Justice - (a)

Notwithstanding section 660 of this Act, the President may furnish assistance to countries and organizations, including national and regional institutions, in order to strengthen the administration of justice in Central American countries and the countries of the Caribbean. Assistance under this section may include: support for specialized professional training, scholarships, and exchanges for continuing legal education; programs to enhance judicial, prosecutorial, investigative and

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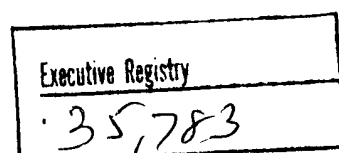
enforcement capabilities and to provide protection for participants in judicial cases; strengthening professional organizations, to promote services to members and the role of the bar in judicial selection, enforcement of ethical standards, and legal reform; increasing the availability of legal materials and publications; seminars, conferences, training and educational programs to improve the administration of justice and to strengthen respect for the rule of law and human rights; and revision and modernization of legal codes and procedures.

"(b) Not more than \$20,000,000 of the funds made available to carry out this chapter and chapter 4 of part II for any fiscal year shall be available to carry out this section, in addition to amounts otherwise available for such purposes."

#### TRADE CREDIT INSURANCE PROGRAM

SEC. 209. Chapter 2 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 224. Trade Credit Insurance Program - (a) Of the funds authorized to be appropriated for chapter 4 of part II of the Foreign Assistance Act of 1961, there are authorized to be made available such sums as may be necessary for payments by the Agency for International



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Development to discharge guarantees of liabilities incurred by the Export-Import Bank of the United States under guarantees and insurance approved under the Export-Import Bank Act of 1945 (i) covering risks of loss or non-payment under short-term trade credits for the purpose of financing goods and services for the use of the private sector in Central American countries and (ii) which do not in the judgment of the Board of Directors of the Export-Import Bank of the United States offer reasonable assurance of repayment as required under Section 2(b)(1)(B) of the Export-Import Bank Act of 1945. Such short-term credits shall be repayable within a period not to exceed one year. Amounts appropriated under the authority of this section shall not be used to discharge guarantees of liabilities incurred by the Export-Import Bank of the United States under guarantees and insurance approved under the Export-Import Bank Act of 1945 after September 30, 1989.

"(b) Commitments to guarantee or insure under subsection (a) of this section are authorized only to the extent and in the amounts provided in appropriations acts, not to exceed \$300,000,000 in the fiscal year 1985.

"(c) Recoveries, after deduction for expenses related thereto, accruing under guarantees and insurance authorized under subsection (a) of this section shall be deposited in the Treasury as Miscellaneous Receipts."

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#### LAND REFORM PROGRAMS

SEC. 210. Section 620(g) of the Foreign Assistance Act of 1961 is amended by inserting the following sentence at the end thereof:

"This prohibition shall not apply to monetary assistance made available for use by a government or political subdivision or agency of such government to compensate nationals of that country in accordance with a land reform program, if the President determines that monetary assistance for such land reform program will further the national interests of the United States.".

#### CENTRAL AMERICAN DEVELOPMENT ORGANIZATION

SEC. 211. (a) The Congress finds that participation by Central American countries in an effective forum for dialogue on, and the continuous review and advancement of, Central America's political, economic, and social development would foster cooperation between the United States and Central American countries in furthering the purposes of this Act.

(b) It is the sense of Congress that --

(1) the President enter into negotiations with those countries receiving assistance authorized by this Act in order to establish a Central American Development Organization, and

(2) the establishment of the Central American Development Organization be based upon the following principles:

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(A) Participation in the organization be open to the United States, other donors, and those Central American countries that commit themselves to, among other things, progress on human rights, building democracy, and encouraging equitable economic growth through policy reforms.

(B) The organization be structured to include representatives from both the public and private sectors, including representatives from the labor and business communities.

(C) The organization meet periodically to carry out the functions described in subparagraphs D and E of this paragraph and should be supported by a limited professional secretariat.

(D) The organization make recommendations affecting Central American countries on such matters as:

(i) political, economic, and social development objectives, including the strengthening of democratic pluralism and the safeguarding of human rights;

(ii) mobilization of resources and external assistance needs; and

(iii) reform of economic policies and structures.

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(E) The organization have the capacity for monitoring country performance on the recommendations issued in accordance with subparagraph D of this paragraph and for evaluating progress towards meeting such country objectives.

(F) For each fiscal year after that in which the President has completed negotiations and agreed to participate in such organization, the disbursement of 25 per centum of the economic funds authorized by title II of this Act and allocated by the United States directly for each Central American country be deferred until the United States and the organization have both approved disbursement.

(G) The President encourage other donors similarly to designate a percentage of their direct economic assistance for Central American countries for joint approval with this organization.

(c) The President is authorized to participate in the Central American Development Organization. The Administrator of the agency primarily responsible for administering part I of the Foreign Assistance Act of 1961, or his designee, shall be the chairman of the Central American Development Organization. The Administrator shall carry out his functions in that capacity under the continuous supervision and general direction of the Secretary of State to the end that United States

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participation in the Central American Development Organization is fully integrated with the foreign policy of the United States.

#### ECONOMIC ASSISTANCE

SEC. 212. (a) In addition to amounts otherwise available for such purposes, there are authorized to be appropriated to the President, for the purpose of furnishing non-military assistance for Central American countries, \$1,200,000,000 for each of the fiscal years 1986 through 1989, to remain available until expended. The President is authorized to transfer funds authorized by this section for obligation in accordance with the authorities of part I of the Foreign Assistance Act of 1961 (including chapter 4 of part II of such Act), the Peace Corps Act, the Migration and Refugee Assistance Act of 1962, the United States Information and Educational Exchange Act of 1948, the Mutual Educational and Cultural Exchange Act of 1961, the National Endowment for Democracy Act, and the State Department Basic Authorities Act of 1956, as amended.

(b) In addition to amounts otherwise authorized for such purposes, \$40,000,000 of loan principal are authorized to be guaranteed under sections 221 and 222 of the Foreign Assistance Act of 1961 for Central American countries for each of the fiscal years 1986 through 1989.

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(c) In addition to amounts otherwise authorized for such purposes, \$200,000,000 of loan principal are authorized to be guaranteed or insured for Central American countries for the fiscal year 1986 under section 224 of the Foreign Assistance Act of 1961.

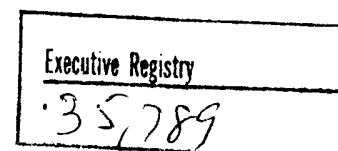
TITLE III - MILITARY ASSISTANCE, SALES AND RELATED PROGRAMS  
FINDINGS

SEC. 301. The Congress finds that the restoration of peace in Central America is essential to economic and humanitarian progress in that region. The Congress believes that restoring peace and stability will require a combination of social and political reforms, economic advances, diplomatic efforts and measures to enhance security, based upon the following principles:

(1) military measures are needed to shield economic and social programs and are an essential adjunct to a diplomatic solution to conflict in the region;

(2) military measures will only aid in restoring peace if they are complemented by political, economic and social programs and reforms;

(3) assistance for military purposes should be furnished predictably, in amounts and over a period of time adequate to carry out a humane and effective anti-guerrilla strategy;





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(4) assistance for military purposes should be employed actively to foster human rights objectives, particularly the goals of free elections, freedom of association, the establishment of the rule of law and an effective judicial system, and vigorous action against those guilty of crimes and the prosecution of past offenders;

(5) a diplomatic solution must be found that will stop the killing in the region and nourish freedom and progress.

#### MILITARY ASSISTANCE

SEC. 302. (a) In addition to amounts otherwise available for such purposes, \$259,050,000 is authorized to be appropriated to the President for the fiscal year 1984 to carry out for Central American countries the provisions of chapter 2 of part II of the Foreign Assistance Act of 1961.

(b) In addition to amounts otherwise available for such purposes, \$222,000,000 are authorized to be appropriated to the President to carry out for the fiscal year 1985 the provisions of chapter 2 of part II of the Foreign Assistance Act of 1961 for Central American countries.

(c) Amounts appropriated pursuant to this section are authorized to remain available until expended.

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#### MILITARY EDUCATION AND TRAINING

SEC. 303. (a) In addition to amounts otherwise available for such purposes, \$3,900,000 are authorized to be appropriated to the President for the fiscal year 1985 to carry out for Central American countries the provisions of chapter 5 of part II of the Foreign Assistance Act of 1961.

(b) Amounts appropriated pursuant to this section are authorized to remain available until expended.

#### FOREIGN MILITARY SALES FINANCING

SEC. 304. (a) In addition to amounts otherwise available for such purposes, \$30,000,000 are authorized to be appropriated for the fiscal year 1985 to carry out for Central American countries the purposes of section 23 of the Arms Export Control Act.

(b) Amounts appropriated pursuant to this section are authorized to remain available until expended.

#### REPORTING REQUIREMENT

SEC. 305. (a) Not later than July 31, 1984, and no later than the end of each six month period thereafter, the President shall submit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a detailed report fully describing the policies of the Government of El Salvador for achieving political development, economic development and conditions of security. The report shall also include the President's detailed assessment of the

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strengths and weaknesses of such policies in meeting the objectives, described in section 101, which United States policy is designed to support, including the specific goals of human rights, free elections, freedom of association, dialogue and negotiations to achieve peace, the establishment of the rule of law and an effective judicial system, the curtailment of extremist violence by both the left and the right as well as vigorous action to prosecute those guilty of crimes and the prosecution to the extent possible of past offenders. This report shall also review comprehensively the factors contributing to the political, economic and security situation in that country, including such factors as human rights, land reform, the economy of the country, refugees and displaced persons, the military situation and guerrilla activity.

(b) The President shall ensure that assistance authorized by title III of this Act is provided to the Government of El Salvador in a manner which fosters progress of that government towards the objectives of political development, economic development and security. To this end, the President in every appropriate instance shall impose conditions on the furnishing to the Government of El Salvador of assistance authorized by title III of this Act in order to achieve these objectives, including the goals identified in subsection (a) of this section.

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#### TITLE IV - MISCELLANEOUS PROVISIONS

##### DEFINITIONS

SEC. 401. For the purposes of this Act, including amendments to the Foreign Assistance Act of 1961 made by this Act, the term "Central American countries" shall be deemed to include Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and regional programs which benefit such countries.

##### TRANSFER AUTHORITY

SEC. 402. Whenever the President determines it to be necessary for the purposes of this Act, in each of the fiscal years 1984 and 1985 not more than a total of \$50,000,000 from funds made available for provisions authorized by this Act may be transferred to, and consolidated with, funds made available for provisions authorized by Title II of this Act.

##### COORDINATION

SEC. 403. Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of programs undertaken to carry out the purposes of this Act.

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SECTION-BY-SECTION ANALYSIS  
OF THE PROPOSED  
CENTRAL AMERICA DEMOCRACY, PEACE  
AND DEVELOPMENT INITIATIVE ACT  
OF 1984

I. INTRODUCTION

The proposed Central America Democracy, Peace and Development Initiative Act of 1984 ("the Bill") establishes a long-term framework to build democracy, restore peace, and improve living conditions in Central America and authorizes assistance for the fiscal years 1984 through 1989. The Bill contains freestanding provisions and amends the Foreign Assistance Act of 1961 in order to carry out the recommendations of the National Bipartisan Commission on Central America.

The Bill is composed of four titles. Title I consists of a statement of policy concerning Central America. Title II consists of a statement of findings and authorizations for programs for economic and human development. Title III contains findings and authorizations for programs for military assistance, sales and related programs under the Arms Export Control Act and the Foreign Assistance Act of 1961. Title IV consists of provisions concerning definitions, transfer of funds, and coordination of policy.

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The amounts which would be authorized by this Bill will be available for use for Central American countries, including regional programs which benefit such countries. Those amounts authorized for the fiscal year 1984 in this Bill would be in addition to amounts previously authorized, appropriated or otherwise made available for Central American countries for the current fiscal year. Those amounts authorized for the fiscal years 1985 through 1989 would be in addition to amounts authorized, appropriated or otherwise made available for such purposes for that fiscal year.

## II. PROVISIONS OF THE BILL

### SECTION 1. SHORT TITLE

This section provides that the Bill may be cited as the "Central America Democracy, Peace and Development Initiative Act of 1984".

### TITLE I - STATEMENT OF POLICY

#### SECTION 101.

This section states the finding of Congress that the building of democracy, the restoration of peace, and the improvement of living conditions in Central America are important to the interests of the United States and the community of American states. The section further states the findings of Congress concerning the importance of effectively dealing with interrelated social, humanitarian, economic, political, diplomatic and security issues to assure a

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democratic and economically and politically secure Central America. In this section, Congress further recognizes that, although the achievement of democracy, human rights, peace, and equitable economic growth depends primarily on the people and governments of Central America, the United States can make a significant contribution through a long-term policy which includes a long-term commitment of both economic and military assistance. In this section, Congress further defines the goals which the policy of the United States should seek to achieve and indicates that the purpose of the Act is to establish the statutory framework and authorize the funding necessary to carry out this policy.

## TITLE II - ECONOMIC AND HUMAN DEVELOPMENT

### SECTION 201. FINDINGS

In this section, the Congress defines basic principles which will guide furnishing of assistance for economic and human development. The principles which shall guide the development and implementation of programs of agricultural development, education, health and population, housing, and economic stabilization shall include growth-oriented economic policies, increased participation of the private sector, development of energy resources, creation and improvement of private and public sector institutions, and recognition that basic human needs and economic stabilization must both occur if equitable growth is to take place.

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SECTION 202. DEVELOPMENT ASSISTANCE

This section authorizes appropriations for development assistance programs, for the fiscal years 1984 and 1985, respectively, as follows:

Agriculture, rural development, and nutrition, \$10,000,000 and \$69,800,000;

Population, \$5,000,000 and \$15,000,000;

Health, \$18,000,000 and \$40,000,000;

Education and human resources development, \$10,000,000 and \$64,000,000;

Selected development activities, \$30,000,000 and \$84,000,000;

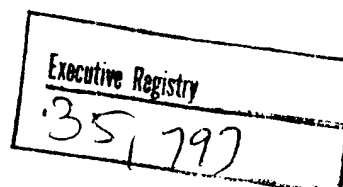
Housing guaranty reserve fund, \$10,000,000 (for the fiscal year 1985);

Operating expenses, Agency for International Development, \$2,489,000 and \$6,016,000;

This section also provides that the amounts appropriated pursuant to this section are authorized to remain available until expended.

SECTION 203. ECONOMIC SUPPORT FUND

This section authorizes for the Economic Support Fund \$290,500,000 for the fiscal year 1984 and \$640,600,000 for the fiscal year 1985. This section also provides that the amounts appropriated pursuant to this section are authorized to remain available until expended.





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SECTION 204. PEACE CORPS

This section authorizes for the Peace Corps \$2,000,000 for the fiscal year 1984 and \$18,200,000 for the fiscal year 1985. This section also provides that the amounts appropriated pursuant to this section are authorized to remain available until expended.

SECTION 205. UNITED STATES INFORMATION AGENCY

This section authorizes for the United States Information Agency \$7,000,000 for the fiscal year 1984 and \$36,400,000 for the fiscal year 1985. This section also provides that the amounts appropriated pursuant to this section are authorized to remain available until expended.

SECTION 206. MIGRATION AND REFUGEE ASSISTANCE

This section authorizes for migration and refugee assistance \$15,000,000 for the fiscal year 1985. This section also provides that the amounts appropriated pursuant to this section are authorized to remain available until expended.

SECTION 207. HOUSING GUARANTY PROGRAM

This section authorizes an increase in the limit on the total principal amount of loans for which guarantees may be issued under sections 221 and 222 of the Foreign Assistance Act of 1961. This increase would be \$40,000,000 for the fiscal year 1985.

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**SECTION 208. ADMINISTRATION OF JUSTICE**

In accordance with the recommendations of the Bipartisan Commission that the United States help strengthen Central American judicial systems and that Congress consider authorizing the training and support of law enforcement agencies under carefully defined conditions, this section would authorize in any fiscal year the furnishing of not more than \$20,000,000 of the funds appropriated for economic assistance programs in order to strengthen the administration of justice in Central American countries and the countries of the Caribbean. These projects would include activities for judges, prosecutors, and criminal investigation and law enforcement (including corrections) agencies.

**SECTION 209. TRADE CREDIT INSURANCE PROGRAM**

This section authorizes Economic Support Fund monies to be made available for payments by the Agency for International Development to discharge liabilities under certain guarantees and insurance issued by the Export-Import Bank. Such guarantees and insurance shall cover the risk of loss or non-payment under certain short-term trade credits used to finance goods and services for use by the private sector in Central American countries. These guarantees and insurance will not constitute loans made by the United States government to a foreign country.

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SECTION 210. LAND REFORM PROGRAMS

This section amends section 620(g) of the Foreign Assistance Act of 1961 to authorize the President to make available to governments assistance to compensate their nationals in accordance with a land reform program, if the President determines that monetary assistance for such land reform program will further the national interests of the United States.

SECTION 211. CENTRAL AMERICAN DEVELOPMENT ORGANIZATION

In furtherance of the recommendations of the Bipartisan Commission, this section states the finding of Congress that participation by Central American countries in an effective forum for dialogue on and the continuous review and advancement of Central America's political, economic and social development would foster cooperation between the United States and Central American countries in furthering the purposes of this Act. This section further states the sense of Congress that the President should enter into negotiations with representatives of Central American countries receiving assistance under the Act to establish a Central American Development Organization, based upon principles stated in the section. In addition, this section authorizes the President to participate in such an organization (with the Administrator of the Agency for International Development as chairman).

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It is not the intention that this organization be established as a bureaucratic entity in competition with bilateral and multilateral donor organizations. The organization should be composed of public and private sector representatives from participating countries and should draw on the experience of the International Labor Organization with representatives from both the business and labor communities. The number of professional staff of the organization should be kept to a minimum.

#### SECTION 212. ECONOMIC ASSISTANCE

This section authorizes \$1,200,000,000 for each of the fiscal years 1986 through 1989 for the purpose of furnishing non-military assistance for Central American countries. The President would be authorized to transfer the funds made available pursuant to this section for obligation in accordance with the authorities of part I of the Foreign Assistance Act of 1961 (including the Economic Support Fund), the Peace Corps Act, the Migration and Refugee Assistance Act of 1962, the United States Information and Educational Exchange Act of 1948, the Mutual Educational and Cultural Exchange Act of 1961, the National Endowment for Democracy Act, and the State Department Basic Authorities Act of 1956. In addition, this section authorizes an increase of \$40,000,000 in the limit of the total principal amount of loans for which housing guarantees may be issued under sections 221 and 222 of the Foreign Assistance Act

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of 1961 for each of the fiscal years 1986 through 1989. Finally, this section authorizes for the fiscal year 1986 \$200,000,000 of loan principal for guarantees or insurance under section 224 of the Foreign Assistance Act of 1961 for Central American countries.

### TITLE III - MILITARY ASSISTANCE, SALES AND RELATED PROGRAMS

#### SECTION 301. FINDINGS

This section states the finding of Congress that the restoration of peace in Central America is essential to economic and humanitarian progress in that region and that restoring peace and stability will require a combination of social and political reforms, economic advances, diplomatic efforts, and measures to enhance security, in accordance with certain principles identified in the section.

#### SECTION 302. MILITARY ASSISTANCE

This section authorizes for the Military Assistance program \$259,050,000 for the fiscal year 1984 and \$222,000,000 for the fiscal year 1985. This section also provides that the amounts appropriated pursuant to this section are authorized to remain available until expended.

#### SECTION 303. MILITARY EDUCATION AND TRAINING

This section authorizes for the International Military Education and Training program \$3,900,000 for the fiscal year 1985. This section also provides that the amounts appropriated pursuant to this section are authorized to remain available until expended.

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SECTION 304. FOREIGN MILITARY SALES FINANCING

This section authorizes \$30,000,000 for the fiscal year 1985 to carry out the purposes of section 23 of the Arms Export Control Act. This section also provides that the amounts appropriated pursuant to this section are authorized to remain available until expended.

SECTION 305. REPORTING REQUIREMENT

This section requires semiannual reports to Congress describing the policies of the Government of El Salvador for achieving political development, economic development and conditions of security. In the report, the President is to include a detailed assessment of the strengths and weaknesses of such policies in meeting the objectives which United States policy is designed to support, including the specific goals of free elections, freedom of association, dialogue and negotiations to achieve peace, the establishment of the rule of law and an effective judicial system, the curtailment of extremist violence by both the left and the right as well as vigorous action to prosecute those guilty of crimes. The report is also to review other factors contributing to the political, economic and security situation in that country. Finally, the President shall ensure that assistance authorized by the Act for military programs is provided to the Government of El Salvador in a manner which fosters progress of that government towards the objectives of political development,

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economic development and security, in accordance with the recommendations of the Bipartisan Commission.

TITLE IV - MISCELLANEOUS PROVISIONS

SECTION 401. DEFINITIONS

This section states that the term "Central American countries" shall be deemed to include, for the purposes of this Act and the amendments this Act makes to the Foreign Assistance Act of 1961, Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and regional programs which benefit such countries, such as regional training programs.

SECTION 402. TRANSFER AUTHORITY

This section authorizes the President to transfer in each of the fiscal years 1984 and 1985 up to a total of \$50,000,000 from accounts authorized by this Act to non-military accounts authorized by this Act, if he determines it to be necessary for the purposes of this Act. This authority is in addition to that available pursuant to sections 109 and 610 of the Foreign Assistance Act of 1961.

SECTION 403. COORDINATION

This section states that, under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of programs undertaken to carry out the purposes of this Act.

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